



POPULAR ANNUAL FINANCIAL REPORT

For the fiscal year
ended June 30, 2017



TOWN OF GARNER, NORTH CAROLINA



/TOWNOFGARNER

CONTENTS

Message to Our Citizens	3
Garner's Elected Body	4
Town Strategic Goals and Organizational Chart	5
Garner at a Glance	6
FY 2016-17 Milestones	7-8
FY 2016-17 Financial Highlights	8
The Town as a Whole and Its Net Position	9-10
Revenues, Expenditures and Changes in Fund Balance	11-12
Bond Activity/Long-Term Debt	13
GFOA Award	14

MESSAGE TO OUR CITIZENS



We want to
guarantee
that you have
access to high-
quality, easily
understandable
financial
information.

The Town of Garner is pleased to present the 2017 Popular Annual Financial Report (PAFR), which offers an easy-to-read summary of the Comprehensive Annual Financial Report (2017) for the fiscal year ending June 30, 2017.

The PAFR is intended to increase awareness in the community about the Town's financial operations. We want to guarantee that you have access to high-quality, easily understandable financial information so that you can be well informed and have the utmost confidence in the way we are running your town.

The financial information in this report is derived from the financial statements in the Town's CAFR, which is produced in accordance with generally accepted accounting principles and is audited by an

independent certified public accounting firm. Although the financial data presented in this report are consistent with generally accepted accounting principles, the PAFR is not expected to provide all of the detail and disclosure required of the CAFR.

The CAFR is available at Town Hall (900 7th Ave.) and on the Town's website at garnernc.gov/departments/finance. For more information about the Town's financial reports, please contact the Finance Department at 919.773.4408.

Ronnie S. Williams

A handwritten signature in black ink that reads "Ronnie S. Williams". The signature is written in a cursive, flowing style.

Mayor of Garner



GARNER'S ELECTED BODY



RONNIE WILLIAMS

Mayor

919.772.5783
rwilliams@garnernc.gov
Term expires 2019



KEN MARSHBURN

Mayor Pro Tem

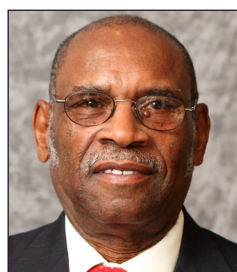
919.662.0902
kmarshburn@garnernc.gov
Term expires 2019



KATHY BEHRINGER

Council Member

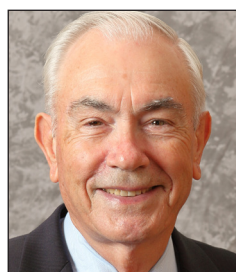
919.772.3515
kbehringer@garnernc.gov
Term expires 2021



JACKIE JOHNS

Council Member

919.772.0929
jjohns@garnernc.gov
Term expires 2019



BUCK KENNEDY

Council Member

919.624.3696
bkennedy@garnernc.gov
Term expires 2019



GRA SINGLETON

Council Member

919.772.0924
grantraceysingleton@earthlink.net
Term expires 2021

These are the Town of Garner Strategic Goal Areas, as identified in our Strategic Plan:



Fiscal Responsibility

Ensure fiscal stability and efficient use of resources



Efficient and Timely Service Delivery

Provide efficient and effective services that match community needs and expectations



Orderly Growth

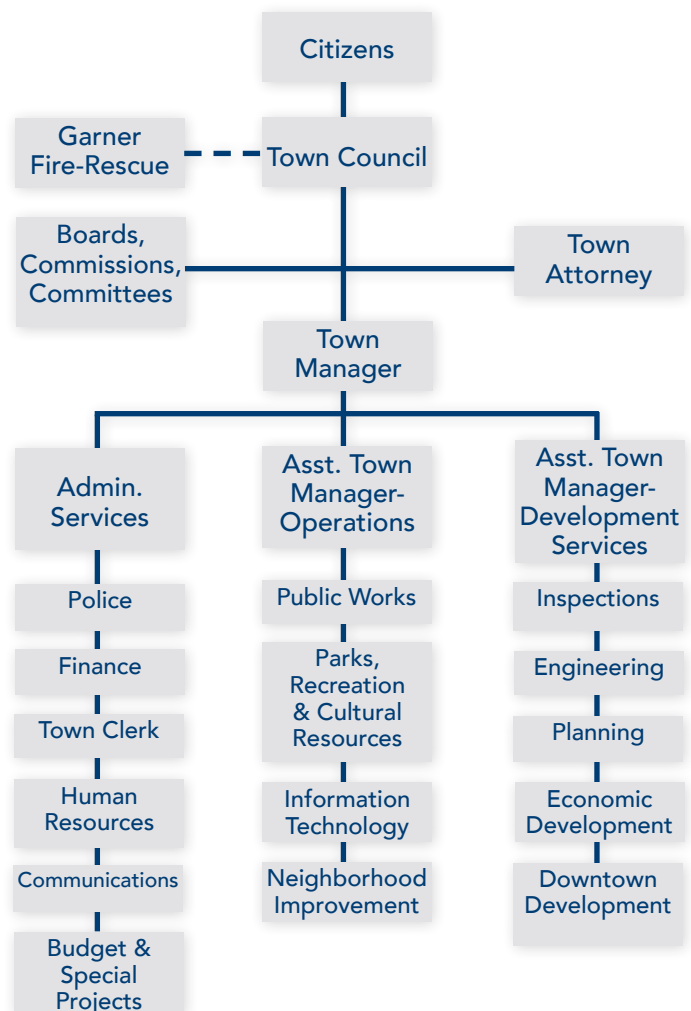
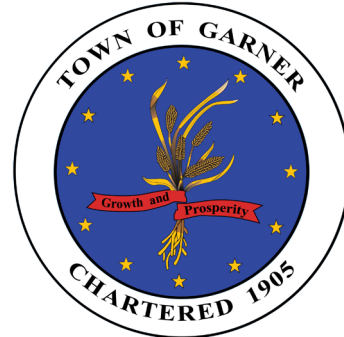
Grow and maintain a robust, diversified economy



Quality of Life

Foster a safe and welcoming community with access to a wide range of opportunities and amenities

TOWN OF GARNER ORGANIZATIONAL CHART



GARNER AT A GLANCE

The Town of Garner has a council-manager form of government with a mayor and five-member Town Council. Elections for the office of Town Council are held at two-year intervals in the November of odd-numbered years. Elections are non-partisan, and all members of the Town Council are elected to four-year terms. The mayor is elected to a four-year term at the same time elections for Town Council are held.

The Town Council sets Town policies, enacts ordinances and appoints the town manager, who administers the daily operations and programs of the municipal government through the department heads and other staff and employees.

The City of Raleigh's Public Utilities Department operates a water distribution system, a sanitary sewer collection system and a wastewater treatment facility that service Garner. Garner Volunteer Fire-Rescue, Inc., provides fire and emergency responder services, and Wake County EMS also serves the town.

Garner has six community parks, several neighborhood parks and two recently established dog parks. The system includes White Deer Park, 96 acres of passive parkland with a LEED Gold-certified Nature Center, and adjoining Lake Benson Park, which is home to the Garner Veterans Memorial. Annual special events include an Independence Day celebration, Carnaval Latino, Trick-or-Treat the Trails, Light Up Main, the Garner Christmas Parade, Spring Eggstravaganza, the April Foods and Trick-or-Eat food truck rodeos and a Groundhog Day celebration.

In addition, the Town-owned Garner Performing Arts Center in our historic downtown offers award-winning programming and a diverse array of shows by local as well as nationally touring acts.

The Town has nationally accredited Police, Public Works and Parks, Recreation and Cultural Resources Departments. Its Finance Department has won the Government Finance Officers of the United States and Canada's Certificate of Achievement for Excellence in Financial Reporting for 27 consecutive years and Distinguished Budget Presentation Award for four consecutive years.

Major employers in Garner include the Wake County Public School System, Food Lion, Walmart, Pergo, Cabela's, Golden State Foods, F&D Huebner, LLC (McDonald's), Target, Strategic Behavioral Health and Kroger.



The National Civic League named Garner an All-America City in 2013. This prestigious award recognizes high levels of civic engagement as well as successes arising from innovative, citizen-led initiatives that address pressing challenges in the community.



29,381

Population
(June 2017)

65 percent growth since 2000



\$68,736

Average
Household Income



3.5%

Unemployment Rate

FY 2016-17 MILESTONES

Garner is a town on the move, and Town staff take great pride in the quality of service they provide. Here is a summary of the Town government's and community's major accomplishments and accolades in FY 2016-17:

JULY 2016

Town officials and dignitaries broke ground on Garner's new **Town Hall**. The two-story, 25,000-square-foot municipal building took approximately a year to complete. It was funded by bonds approved by 75 percent of Town voters.

The Town Council decided unanimously to purchase the 121-acre **Meadowbrook Country Club** for \$2.9 million. The Town expects the property, located at 8025 Country Club Road, to be redeveloped as a park, recreational facility or open space. There is no timetable yet for that redevelopment. The Town used fund balance to make the purchase and reimbursed itself with proceeds from a loan. The loan will be supported by park fees collected from new developments in Town.



OCTOBER

Town elected officials, staff and dignitaries broke ground on the **Garner Recreation Center**, to be located at the corner of Main and Montague streets in historic downtown Garner. Due to be completed by summer 2018, the nearly 40,000-square-foot facility will include a gymnasium with three regulation-size high school basketball courts, an indoor walking track and aerobics/fitness, art and multipurpose rooms.

The Town Council adopted a new **strategic plan**, designed to be a multiyear representation of the

Town's mission. The document aims to serve as a roadmap for staff and the Town Council over a three-to five-year period, with tasks established annually to enable staff to complete initiatives identified in the strategic plan.

NOVEMBER

Garner Volunteer Fire-Rescue, Inc., which provides fire and first-responder service to Garner, improved its insurance **(ISO) rating** from a class 4 in the Town of Garner to a class 2 and its Wake County area rating from a class 6 to class 4. The class 2 rating for in-town service puts Garner Fire-Rescue in the top 1.6 percent of fire departments in the country.

MARCH 2017

The Garner Police Department earned its eighth accreditation award from the Commission on Accreditation for Law Enforcement Agencies (CALEA), receiving the **CALEA Certificate of Advanced Meritorious Accreditation** for having been accredited for 15 or more continuous years. The department comes up for reaccreditation on three-year cycles. It is one of only a small percentage of law enforcement agencies nationwide to have CALEA accreditation.

The Town of Garner's budget team earned the Government Finance Officers Association's **Distinguished Budget Presentation Award** for the fourth consecutive year and the 19th time overall.

The new corporate headquarters for **STOCK America, Inc.**—a leading producer of sterilization equipment for the food and pharmaceutical industries—opened in Garner's Greenfield Park North. The 17,000-square-foot headquarters brought \$2.2 million in new investment as well as 15 jobs to Garner.

APRIL

Moody's Investors Service upgraded the rating on the Town's \$29.3 million in outstanding general obligation bonds from Aa2 to Aa1. The upgrade is

expected to help the Town obtain better interest rates and terms for future borrowings and bond issuances. Moody's noted the Town's consistently strong financial position built on conservative fiscal policies, a growing tax base benefitting from Garner's proximity to Raleigh and manageable debt and pension burdens.



MAY

The national nonprofit KaBoom! honored the Town with a **Playful City USA** designation for the fourth consecutive year. Garner was one of just 11 cities or towns in the state to earn the recognition in 2017,

joining Raleigh and Durham as the only Triangle municipalities to be named a Playful City USA. The recognition honors cities and towns across the country for putting the needs of families first so kids can learn, grow and develop important life skills.

The Government Finance Officers of the United States and Canada (GFOA) awarded the **Certificate of Achievement for Excellence in Financial Reporting** to the Town for its 2016 Comprehensive Annual Financial Report (CAFR). It was the 27th consecutive year that the Finance Department earned the award.

JUNE

The Garner Revitalization Association (GRA) was designated for 2017 as an **accredited Main Street America program** for meeting rigorous performance standards set by the National Main Street Center.

For the third consecutive year, the Town received the **Award for Outstanding Achievement in Popular Annual Financial Reporting** from the GFOA for its Popular Annual Financial Report (PAFR).

FY 2016-17 FINANCIAL HIGHLIGHTS

The following are financial highlights for the Town of Garner during FY 16-17 (as also noted in the Comprehensive Annual Financial Report):

The assets of the Town exceeded its liabilities at the close of the fiscal year by \$83.87 million (net position). Of this amount, \$18.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to the citizens and creditors.

At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$39.8 million, or a decrease of \$6.9 million.

As of the close of the fiscal year, the Town's unassigned fund balance for the general fund was \$18.1 million, or 56.7 percent of total general fund expenditures and transfers out for the fiscal year. This amount is considered available for spending at the Town government's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund is the chief operating fund of the Town. The fund balance of the Town's general fund

increased \$3.3 million during the current fiscal year. Key factors in this increase are as follows:

1. The Town recognized increases in both property and sales tax collections during the year.
2. The Town continues to see growth in commercial and multifamily residential development, resulting in additional permitting and inspection fees more than \$1 million, some of which are restricted fees committed for specific purposes (i.e. payments in lieu of parkland).

CAPITAL PROJECTS FUND BUDGETARY HIGHLIGHTS

The capital projects fund is a multiyear fund used to account for the acquisition or construction of major facilities or infrastructure. Fund balance of the capital projects fund decreased \$10.2 million. This decrease was due to the capital project expenditures of previously issued bonds. The Police Department and Town Hall have been completed in the last two fiscal years, and the Garner Recreation Center has begun construction, with the bulk of the project to be in the coming fiscal year.

THE TOWN AS A WHOLE AND I



The statement of net position looks at the Town as a whole and is a useful indicator of the Town's financial position. Net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. The table on the next page provides a summary of the net position for FY 15-16 and FY 16-17.

The Town's assets exceeded liabilities by \$83,870,888 as of June 30, 2017. Approximately 72.8 percent of net position reflects the Town's investment in capital assets. The net investment in capital assets category is defined as the Town's investment in its own assets (e.g. land, buildings, equipment and infrastructure) less any related debt still outstanding issued to acquire those items. The Town uses these assets to provide services to citizens.

An additional portion of net position (5.2 percent) is restricted. Restricted resources are subject to specific external legal restrictions that limit the Town's ability to use these funds beyond the purpose for which they are provided.

Overall, net position decreased by \$2.3 million, primarily due to a prior year restatement of \$2.4 million related to pension obligations. The Town also made

an investment in equipment and vehicles of \$771,484.

WHAT DOES A POSITIVE NET POSITION MEAN?

A positive net position means that Town assets exceed liabilities, and a negative net position means that liabilities exceed assets. The Town has grown its net position from \$71.823 million in 2007 to \$83.871 million in 2017 due to good fiscal management and establishment of sound policies by the Town Council.

Changes in net position are representative of the total annual revenues compared to total expenditures, the Town's net position

improves. So, while expenses grew by 5.7 percent in FY 16-17, sales tax revenues increased by 7.8 percent (due to the improved economy of the region), which more than offset the increase in expenses.

Changes in net position are representative of the total annual revenues compared to total expenses.

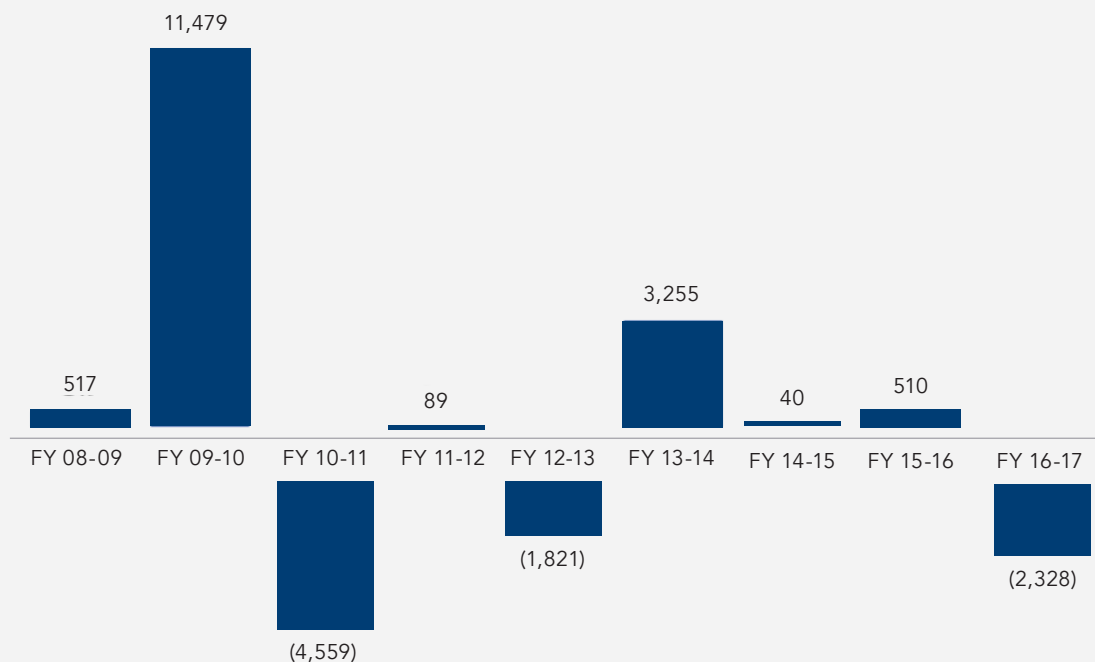
TS NET POSITION

GARNER'S NET POSITION

	FY 16-17	FY 15-16
Assets	\$133,785,703	\$130,780,442
Deferred outflows of resources	3,141,493	654,824
Liabilities	\$52,802,115	\$44,839,922
Deferred inflows of resources	254,193	396,113
Net Position		
Net investment in capital assets	61,066,119	61,370,282
Restricted	4,381,670	3,614,616
Unrestricted	18,423,099	21,214,333
TOTAL NET POSITION	\$83,870,888	\$86,199,231

CHANGES IN NET POSITION

(dollar change from prior fiscal year, in thousands)



REVENUES, EXPENDITURES AN

Total general fund revenues for FY 16-17 were \$31.09 million. The property tax rate increased from \$.5175 to \$.5325 per \$100 of assessed value. The additional revenue was used exclusively for expansion of public safety services.

Property taxes account for 57.4 percent of all revenues. Property taxes (excluding registered motor vehicles, which are collected by the N.C. Division of Motor Vehicles) are assessed and collected by Wake County and remitted to the Town throughout the year.

Other taxes, which include the Town's share of statewide sales taxes and ABC revenue, account for 20.0 percent of all revenues. Collections during this fiscal year increased 7 percent over the prior period. This category of revenues was boosted through continued improvement in the local economy and changes to the services to which sales tax are applicable.

The Town also received 8.7 percent of its revenues from permits and fees, a decrease of 9.75 percent over FY 15-16. The FY 15-16 total was an anomaly stemming from an 80 percent spike in permitting for a handful of large construction projects. We expect this year's growth to be in the historically normal range.

The total cost of general fund programs and services was \$31.84 million. The cost of public safety programs accounted for 36.4 percent of expenditures, while general government functions accounted for 19.5 percent. Spending in the cultural/recreational category spiked 116 percent due to purchase of the Meadowbrook property, which will be redeveloped

at a yet-to-be-determined time in the future. Debt service also increased significantly because FY 16-17 was the first year of debt service payments for the Town's 2015 bond issuance.

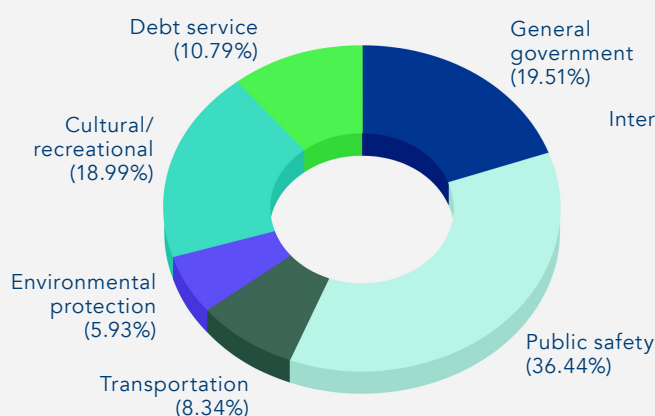
Major initiatives funded in the FY 16-17 budget (excluding Garner Bond Program projects) included street resurfacing, funding to complete the update of the Town's comprehensive growth and transportation plans and financing of vehicle and equipment replacement. Total expenditures per capita increased from \$962 to \$1,098, a 14 percent rise due to increasing employee health-care costs, purchase of the Meadowbrook property, increased cost of debt service and higher cost for fire service.

Overall, general fund revenues and other financing sources exceeded expenditures and transfers by \$3.286 million, which was added to the Town's fund balance. Fund balance is akin to a savings account for the Town and can be used to fund capital projects, balance the budget and for emergencies or cash flow during the year.

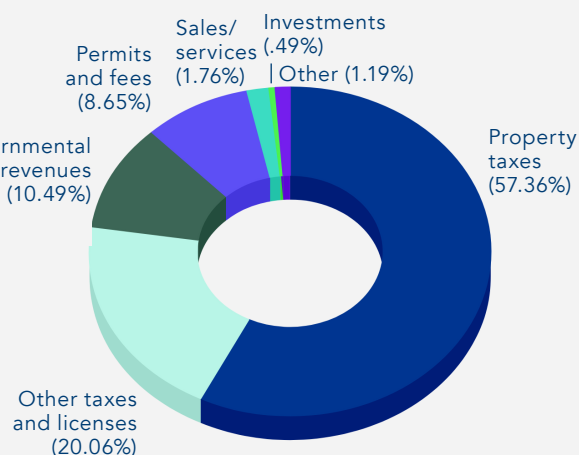
The chart on the bottom of the next page shows the different categories of fund balance. These categories represent any external or Town Council-initiated restrictions on how fund balance can be used.

FY 16-17 BUDGET BREAKDOWN

EXPENDITURES



REVENUES



D CHANGES IN FUND BALANCE

Unassigned is the least restrictive and can be used for any purpose. Unassigned fund balance at the end of FY 16-17 totaled \$18.07 million, an amount equal

to 57 percent of expenditures. The Town's policy is a minimum of 30 percent. Total fund balance stood at \$29.95 million.

GENERAL FUND REVENUES

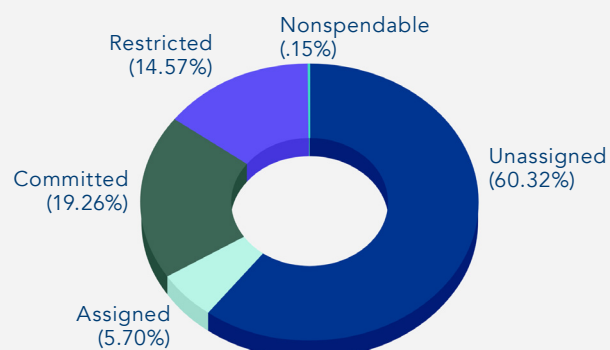
	FY 16-17	FY 15-16	% Change
Property taxes	\$17,834,515	\$17,061,096	4.53%
Other taxes and licenses	6,236,202	5,826,797	7.03%
Intergovernmental revenues	3,262,406	3,185,644	2.41%
Permits and fees	2,690,728	2,981,635	-9.76%
Sales and services	546,432	510,108	7.12%
Investment earnings	151,936	76,234	99.30%
Other revenues	370,697	234,534	58.06%
TOTAL	\$31,092,916	\$29,876,048	4.07%

GENERAL FUND EXPENDITURES

	FY 16-17	FY 15-16	% Change
General government	\$6,212,951	\$6,780,440	-8.37%
Public safety	11,605,337	10,751,421	7.94%
Transportation	2,656,663	2,708,200	-1.90%
Environmental protection	1,888,478	1,853,286	1.90%
Cultural/recreational	6,045,834	2,795,777	116.25%
Debt service	3,435,669	2,792,645	23.03%
TOTAL	\$31,844,932	\$27,681,769	15.04%

CATEGORIES OF FUND BALANCE

Nonspendable	\$43,342
Restricted	4,364,506
Committed	5,767,055
Assigned	1,707,136
Unassigned	18,065,140
TOTAL	\$29,947,179



BOND ACTIVITY/ LONG-TERM DEBT

The Town of Garner continued construction of the projects approved in the 2013 bond referendums but did not issue any further general obligation bonds during FY 16-17.



Completed bond projects in FY 16-17 included the new Town Hall at 900 7th Ave., the Lake Benson Dog Park (in Lake Benson Park) and sidewalks along Buffalo Road and along Main Street and Benson Road.

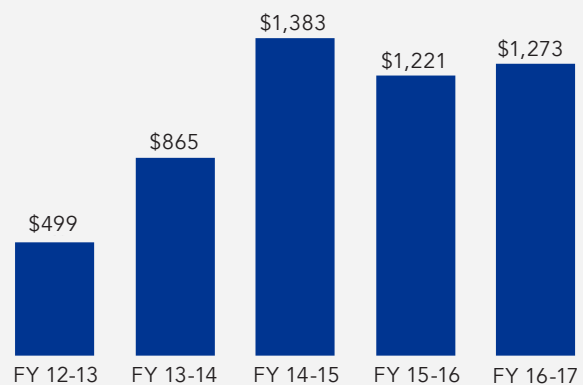
The Town entered into a \$6,229,000 installment loan for refinancing, for the purchase of a parcel of property and for the purchase of vehicles and equipment in FY 16-17. Overall, total debt increased by \$1.8 million during the fiscal year.

Debt per capita increased by 4.23 percent to \$1,273 in FY 16-17. The increase was due to the issuance of the installment loan.

LONG-TERM DEBT

	FY 16-17	FY 15-16
General obligation bonds	\$28,345,000	\$29,335,000
Installment financing agreements	8,577,324	5,800,674
TOTAL	\$36,922,324	\$35,135,674

DEBT PER CAPITA



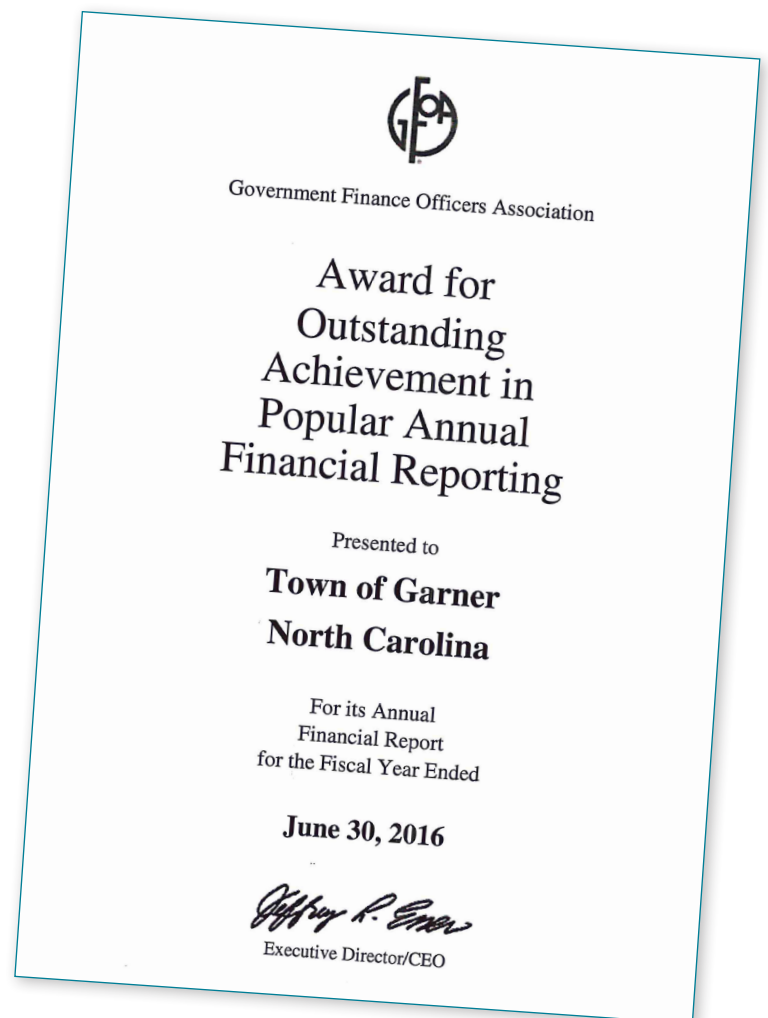


GFOA AWARD

THE GOVERNMENT FINANCE OFFICERS Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Town of Garner for its Popular Annual Financial Report for the fiscal year end June 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The Town of Garner has received a Popular Award for the last three consecutive years (fiscal years ended June 30, 2014 through June 30, 2016). We believe this current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another award.



BILL PAY

BILL PAY



TOWN OF GARNER
FINANCE DEPARTMENT

919.773.4408

GARNERNC.GOV